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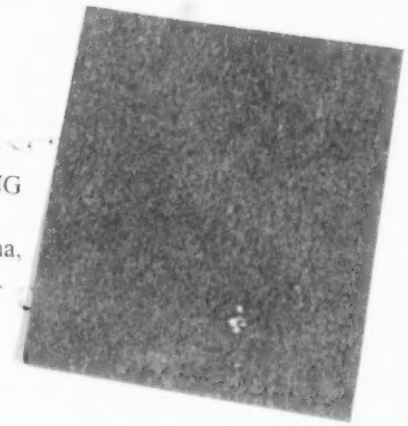

Resumed eighteenth session

SUMMARY RECORD OF THE 7th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 19 November 1997, at 5 p.m.

President: Mr. POSTA (Hungary)

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The meeting was called to order at 5.30 p.m.

INTRODUCTION OF DRAFT DECISIONS (IDB.18/L.5-L.11 and IDB.18/L.13-L.18)

1. **The PRESIDENT** said that agenda items 4-8 were still open for the adoption of decisions. A number of draft decisions, most of which had already been discussed in the informal consultations, were now before the Board for consideration (IDB.18/L.5-L.11 and IDB.18/L.13-L.18).

2. **Mr. HALIM MOHAMED** (Sudan), speaking as chairman of the informal consultations, said that a strong spirit of cooperation had prevailed in the three meetings of the informal consultations at the present resumed session. A particular characteristic had been the speed with which consensus had been achieved on the 11 texts discussed. Indeed, the first meeting had required some 10 minutes to agree on six texts concerning sub-items 4 (a), (d), (e), (f), (g) and (h) recommended by the Programme and Budget Committee (PBC).

3. The recommendation concerning the programme and budgets for 1998-1999, under sub-item 4 (c), had been provisionally agreed upon, pending the outcome of the PBC's meeting earlier in the day. Paragraph (e) had subsequently been added to the relevant draft decision (IDB.18/L.11) in order to address concerns expressed by some Member States with regard to enhancing the flexibility of the Director-General in implementing the programme and budgets. Owing to time constraints, a further paragraph which had been agreed upon in the informal consultations, on the basis of wording employed by the PBC in paragraph (f) of its conclusion 97/10, did not appear in the text of the draft decision. That paragraph read: "There was a generally held view in the Board that, in the light of the significant budget reductions already made, any further reductions in the 1998-1999 or future budgets would seriously impair the capacity of UNIDO to fulfil its mandate".

4. The second meeting of the informal consultations had considered texts drawn up on the basis of discussions in the plenary concerning items 4 (i), 5 and 6. Its final meeting had examined the draft decision submitted by Italy under item 7, which had resulted in the text contained in document IDB.18/L.18.

5. **The PRESIDENT** said that he was submitting the draft decisions approved in the informal consultations to the Board as his drafts.

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (*continued*) (IDB.18/2 and Add.1):

(a) SCALE OF ASSESSMENTS (*continued*) (IDB.18/13, IDB.18/L.6)

(b) INTERIM FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1996-1997 (*continued*) (IDB.18/4)

(c) PROGRAMME AND BUDGETS, 1998-1999 (*continued*) (IDB.18/15/5/Rev.1, IDB.18/15/6, IDB.18/L.11, IDB.18/L.19)

(d) FINANCIAL REGULATIONS AND FINANCIAL RULES (*continued*) (IDB.18/8, IDB.18/12, IDB.18/L.5)

(e) WORKING CAPITAL FUND (*continued*) (IDB.18/10, IDB.18/L.7)

(f) **APPOINTMENT OF AN EXTERNAL AUDITOR** (*continued*) (IDB.18/2, IDB.18/L.8)

(g) **FINANCIAL SITUATION OF UNIDO** (*continued*) (IDB.18/3, IDB.18/5, IDB.18/14, IDB.18/20, IDB.18/CRP.2, IDB.18/CRP.3, IDB.18/CRP.4, IDB.18/L.9)

(h) **INDUSTRIAL DEVELOPMENT FUND AND OTHER VOLUNTARY CONTRIBUTIONS** (*continued*) (IDB.18/9, IDB.18/L.10)

(i) **WITHDRAWAL OF THE UNITED STATES OF AMERICA** (*continued*) (IDB.18/11, IDB.18/18, IDB.18/L.9, IDB.18/L.17)

6. **The PRESIDENT** drew attention to draft decision IDB.18/L.6 on sub-item (a), "Scale of assessments".

7. *The draft decision was adopted.*

8. **The PRESIDENT** said that no draft decision had been submitted on sub-item (b). He proposed that the Board take note of the documentation provided by the Director-General on the subject.

9. *It was so decided.*

10. **The PRESIDENT** drew attention to draft decision IDB.18/L.11 on sub-item (c), "Programme and budgets, 1998-1999", recalling that the text before the Board did not contain the additional paragraph agreed upon in the informal consultations and read out by the chairman of those consultations.

11. *The draft decision, as orally amended, was adopted.*

12. **The PRESIDENT** drew attention to draft decision IDB.18/L.19, also on sub-item (c), entitled "Personnel and related financial implications of the proposed budget reductions", which was being submitted to the Board by the Chairman of the PBC.

13. **Mr. SOROUR** (Egypt), having obtained clarification from **Mr. KHALIL** (Tunisia) regarding the reasons for the condition imposed in paragraph (d) (iii) of the draft decision, said that although he was aware of the agreement permitting Member States to give voluntary contributions in an amount not in excess of 20 per cent of their 1997 assessed contribution, he himself believed that no limit, whether lower or upper, should be set on voluntary contributions. He was nevertheless prepared to accept the draft decision in its present wording.

14. *The draft decision was adopted.*

15. **The PRESIDENT** drew attention to draft decision IDB.18/L.5 on sub-item (d), "Financial regulations and financial rules".

16. *The draft decision was adopted.*

17. **The PRESIDENT** drew attention to draft decision IDB.18/L.7 on sub-item (e), "Working Capital Fund".

18. *The draft decision was adopted.*

19. **The PRESIDENT** drew attention to draft decision IDB.18/L.8 on sub-item (f), "Appointment of an External Auditor".

20. *The draft decision was adopted.*

21. **The PRESIDENT** drew attention to draft decision IDB.18/L.9 on sub-item (g), "Financial situation of UNIDO", and sub-item (i), "Withdrawal of the United States of America".

22. **Mr. CHOI** (Republic of Korea) said that the draft decision should be discussed in conjunction with another draft decision that related to sub-item (i) and which was being submitted to the Board as document IDB.18/L.17. Since there was some duplication between the texts, it might be appropriate to combine them or delete the unnecessary parts.

23. **Mr. UMER** (Pakistan) said that the two texts dealt with two separate issues: on the one hand, the Organization's general financial situation and the action required of Member States in arrears, and on the other, the specific need to adopt one or more of the options, as set out in the report of the Director-General (IDB.18/18), for the collection of one Member State's arrears.

24. **Mr. HALIM MOHAMED** (Sudan) endorsed the remarks of the previous speaker. Draft decision IDB.18/L.9 was concerned with the collection of unpaid assessed contributions in general, while draft decision IDB.18/L.17 dealt with the collection mechanism, its paragraph (d) indicating that the various recovery options would be considered further by the General Conference.

25. **Mr. BENMOUSSA** (Morocco) agreed. Draft decision IDB.18/L.9 was not new; it set out a principle for general application, and it was important that the text be renewed by the Board at its current session. Draft decision IDB.18/L.17 had the nature of an internal document. The problem of duplication could perhaps be overcome by deleting the whole of paragraph (c) of document IDB.18/L.17 or alternatively by replacing the words "Urges the United States Government to comply" at the beginning of that paragraph by "Reaffirms the need for all States to comply".

26. **Mr. CHOI** (Republic of Korea) said that his delegation had no difficulty in agreeing to the adoption of two separate decisions. However, the duplication between paragraph (f) of document IDB.18/L.9 and paragraph (c) of document IDB.18/L.17 needed to be eliminated. His preference was for the deletion of paragraph (c) in document IDB.18/L.17 since that text constituted a preliminary decision to be issued pending the adoption of a more detailed decision by the General Conference following its discussion of the options for recovery of the United States Government's debt.

27. **Mr. UMER** (Pakistan) said that his delegation could agree to the deletion of paragraph (c). It had emerged that the difficulty in collecting the debt lay with Congress and that Congress might prohibit the Administration from settling the arrears. Concrete ideas on how to recover the outstanding contributions could have emerged by the time of the next General Conference session.

28. **Ms. OK** (Turkey) said that she would prefer to have no decision adopted on sub-item (i) at the current session. It would be more logical for a decision on the matter to be drafted by the General Conference once agreement had been reached regarding the options to be pursued.

29. **Mr. HALIM MOHAMED** (Sudan) said that, in his view, it was preferable to delete paragraph (c). The alternative wording suggested by the representative of Morocco would be a repetition of paragraph (e) in document IDB.18/L.9.

30. **Ms. BATACLAN** (Philippines) said that her delegation was in favour of having two separate decisions. It preferred to retain the wording of paragraph (c) of document IDB.18/L.17, with its entreaty to the United States Government. The Board was exercising a political rather than a legal option and, with such a strategy, there was no harm in stating the point more than once.

31. **Mr. SALAZAR** (Observer for Venezuela) felt that the duplication should be avoided. He proposed that paragraph (c) of document IDB.18/L.17 be deleted and that the reason for the preparation of the Director-General's report be included in the text of that decision by adding, at the end of paragraph (a), the phrase ", submitted in accordance with decision IDB.17/Dec.3".

32. **The PRESIDENT** said that he took it that the Board wished to adopt draft decision IDB.18/L.9 without amendment.

33. *It was so decided.*

34. *The draft decision was adopted.*

35. **The PRESIDENT** said that, if he heard no objection, he would take it that the Board wished to adopt draft decision IDB.18/L.17 with paragraph (c) deleted.

36. *It was so decided.*

37. *The draft decision, as amended, was adopted.*

38. **The PRESIDENT** said that, on the basis of consultations with representatives of regional groups and individual Member States, Ambassador Benmoussa of Morocco had stated his readiness to take over the function of the chairmanship of the inter-sessional open-ended discussion group on timely payment of assessed contributions. If he heard no objections, he would take it that the Board wished to request Ambassador Benmoussa to assume that task.

39. *It was so decided.*

40. **The PRESIDENT** drew attention to draft decision IDB.18/L.10 on sub-item (h), "Industrial Development Fund and other voluntary contributions".

41. *The draft decision was adopted.*

FUTURE ROLE AND FUNCTIONS OF UNIDO (*continued*) (IDB.18/17, IDB.18/L.16)

42. **The PRESIDENT** drew attention to draft decision IDB.18/L.16.

43. *The draft decision was adopted.*

PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE (*continued*) (IDB.18/L.13)

44. **The PRESIDENT** drew attention to draft decision IDB.18/L.13, pointing out that a blank space had been left in paragraph (d) pending agreement on the chairmanship of the additional formal meeting planned for the following week. The Vice-President of the Board, Ambassador Velazco San José of Cuba, had kindly agreed to assume that duty in case any draft decisions remained to be discussed in preparation for the General Conference session. If he heard no objections, he would take it that the Board wished to adopt the draft decision on that understanding.

45. *It was so decided.*

46. *The draft decision, as amended, was adopted.*

INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY (*continued*) (IDB.18/16 and Add.1 and 2, IDB.18/L.18)

47. **The PRESIDENT** drew attention to draft decision IDB.18/L.18 entitled "International Centre for Science and High Technology (ICS)".

48. *The draft decision was adopted.*

PROVISIONAL AGENDA AND DATE OF THE NINETEENTH SESSION (IDB.18/CRP.6, IDB.18/L.14, IDB.18/L.15)

49. **Mr. PAPULI** (Acting Secretary, Policy-making Organs), introducing the item, said that document IDB.18/CRP.6 had been prepared in order to draw the Board's attention to a number of issues, the main one relating to the extremely scarce resources available for the policy-making organs as a result of the budget cuts, meaning in practical terms a 50 per cent reduction in the number of days available for sessions of the PBC and the Board during the next biennium, i.e. from 30 working days to 15. Owing to the nature of certain subjects to be taken up during the biennium, the number of sessions would have to remain the same but their duration would need to be shortened. The Secretariat wished to propose that the Board maintain its pattern of holding two sessions in years when the General Conference did not meet: one in May-June for three days, and one later in the year, for two days, following the PBC session. In years when the General Conference met, the Board would hold one session of four days' duration, after the PBC session. The PBC would hold one three-day session each year.

50. The new arrangements would mean that a similar number of subjects would have to be discussed in a much shorter time. In the coming biennium, the work of the Board and the PBC would have to be streamlined, with far more reliance on the mechanism of intersessional consultations than in the past. Most of the in-session consultations might have to be brought forward as pre-session consultations, without interpretation facilities. Consideration would have to be given to measures to be introduced in order to limit the length of debates in the plenary.

51. One serious problem related to the fact that, despite a reduction in the duration of the sessions, there would be no days in reserve and thus no possibility of accommodating resumed or special sessions, regardless of how short they were. In the current year, there had been six unforeseen sessions.

52. Document IDB.18/CRP.6 contained proposed dates for the 1998 sessions of the PBC and the Board, as well as the provisional agenda for the next session of the Board; that agenda was based on the pattern of previous bienniums and might have to be adjusted to reflect mandates emanating from the General Conference.

53. It also contained a proposal for amendments to a previous decision of the Board (IDB.5/Dec.46) on the conduct of its business, in order to bring that decision into line with the current realities.

54. **The PRESIDENT** drew attention to draft decision IDB.18/L.15 concerning the number and duration of sessions of the Board and the PBC.

55. *The draft decision was adopted.*

56. **The PRESIDENT** drew attention to draft decision IDB.18/L.14, pointing out that the text still contained blank spaces concerning the dates for the regular sessions of the Board and PBC for 1998. The proposed dates agreed upon by the Bureau earlier in the day were 18-20 May 1998 for the nineteenth session of the Board, 9-11 September 1998 for the fourteenth session of the PBC, and 19-20 November 1998 for the twentieth session of the Board. If he heard no objections, he would take it that the Board wished to adopt the draft decision incorporating those dates.

57. *It was so decided.*

58. *The draft decision, as orally amended, was adopted.*

ADOPTION OF THE REPORT (IDB.18/L.12)

59. **Mr. TOOTOONCHIAN** (Islamic Republic of Iran), Rapporteur, introducing the draft report of the Board on its resumed eighteenth session (IDB.18/L.12), said that, owing to time constraints, the report was incomplete. The final report would, however, duly reflect the events of the session and the decisions adopted.

60. **The PRESIDENT** said that, if he heard no objections, he would take it that the Board wished to adopt the draft report as a whole on the understanding that the Rapporteur would finalize it in consultation with the Friends of the Rapporteur as soon as possible after the close of the session.

61. *It was so decided.*

62. **The PRESIDENT** announced that he was still in contact with representatives of the regional groups concerning the appointment of a new chairman of the intersessional working group on proposed amendments to the financial regulations and, once his consultations yielded positive results, he would communicate the information to Member States.

CLOSURE OF THE SESSION

63. **Mr. DE MARIA Y CAMPOS** (Director-General) said that the past year had been difficult but had nevertheless brought important successes, in particular regarding the change in attitude of some major contributors which had earlier expressed doubts about the future of UNIDO and their continued membership in it.

64. During its current session, the Board had succeeded in adopting by consensus a new budget for the next biennium. The Ambassadors of Hungary, India, the Netherlands, the Sudan, Tunisia and the United Kingdom had all played a special part in that achievement, but Japan, the European Union, the Group of 77 and indeed all Member States also deserved gratitude for their continuing commitment to the Organization. He was pleased that Ambassador Benmoussa would be taking over the chairmanship of the inter-sessional discussion group on timely payment of assessed contributions, and wished him every success in that endeavour of especial importance for UNIDO and its new Director-General.

65. A difficult decision had been taken, thanks to Member States' determination to achieve a political compromise, on the possible financing of the staff separation programme, major elements of the decision being the importance of the payment of outstanding assessed contributions and the possibility of receiving voluntary contributions. Albeit a step in the right direction, that decision would need to be followed up by action on the part of Member States in order to provide the funding so urgently needed to swiftly implement the necessary separations and prevent the inevitable alternative, namely the high financial cost of over-incumbency, the psychological cost of continued uncertainty among the staff and, ultimately, the cost to UNIDO of the negative impact on substantive programmes, which would have to be even more drastically cut than envisaged at present if funding for separations were not forthcoming.

66. It was also a source of satisfaction that, thanks to the goodwill of Italy and the considerable interest expressed by other Member States, especially developing countries and economies in transition, a constructive solution had been found regarding the future of the International Centre for Science and High Technology on the basis of a tripartite arrangement between the Government of Italy, UNIDO and UNESCO, designed to ensure the necessary continuity and consolidation of the ICS programme in Trieste and the implementation of developing countries' ongoing and pipeline projects.

Valedictory statements

67. **Mr. KHALIL** (Tunisia), speaking on behalf of the African Group, **Mr. MANNO** (Italy), **Mr. CELSO DE OURO PRETO**, speaking on behalf of the Group of 77 and the Latin American and Caribbean Group, and **Mr. TIWARI** (India) paid tribute to the many accomplishments of Ambassador Halim Mohamed of the Sudan, as displayed in the various capacities in which he had devoted his efforts for the benefit of UNIDO. His special blend of negotiating skill, intellectual prowess, moderation, wisdom and humour, epitomizing true diplomacy, would be greatly missed in Vienna but was sure to prove invaluable in his forthcoming role as Ambassador to Egypt.

68. **Mr. HALIM MOHAMED** (Sudan) thanked the previous speakers for their words of appreciation.

69. **The PRESIDENT** expressed his great appreciation of the work done by the Director-General over the past four and a half years.

70. When the Director-General had been appointed in 1993, few could have envisaged the great changes that were to take place during his term of office. The Director-General had taken on his tasks with enthusiasm and vitality, coping with restructuring, financial difficulties and withdrawals from the Organization. Beyond doubt, the Organization he was leaving behind was in a better state than the one he had inherited, its more streamlined structure, its revised priorities geared to the new realities, the improved performance indicators and the growing support of Member States all being attributable to the Director-General's efforts, as was the initiation of the reform process, which, it was hoped, would make the Organization even more capable and efficient. In all his endeavours, the Director-General had always been fully committed to serving the cause of developing countries, showing special sensitivity towards the least developed ones.

71. Thanks were also due to the Director-General for faithfully abiding by his promise to work for the benefit of the Organization to the last days of his office.

72. There had always been friendly and informal relations between the Director-General and the representatives of Member States. The Board cherished those memories and expressed its gratitude and best wishes to the Director-General in his future activities.

73. After the customary exchange of courtesies, **the PRESIDENT** declared the eighteenth session of the Industrial Development Board closed.

The meeting rose at 7.20 p.m.